



2021

OUR YEAR
STOCKMANN



LINDEX
LINDEX.COM

STOCKMANN
STOCKMANN.COM

STOCKMANN OFFERS a premium selection of international and Finnish brands, excellent customer service and inspiring shopping experiences in its department stores, fashion stores and online. *Our product selection focuses on fashion, beauty and home products* and also the Stockmann Delicatessen in the Baltics. The selection is supplemented with high-quality products and services offered by our partners. Stockmann also continuously introduces new sustainable choices to its selections.



OUR REPORTING

Stockmann's 2021 reporting consists of five reviews: 'Our year 2021' Business Review, Financial Review, Corporate Governance, Remuneration Report and Corporate Social Responsibility. The Financial Review includes the Report by the Board of Directors and the Financial Statements. The CSR Review covers the responsibility work in more detail and according to GRI Standards reporting guidelines.

All reviews are available in Finnish, Swedish and English. They can be found at year2021.stockmanngroup.com

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STOCKMANN GROUP IN 2021

THE STOCKMANN DIVISION IS RENEWING ITS OPERATING MODEL WITH THE AIM OF IMPROVING CUSTOMER SATISFACTION & PROFITABILITY

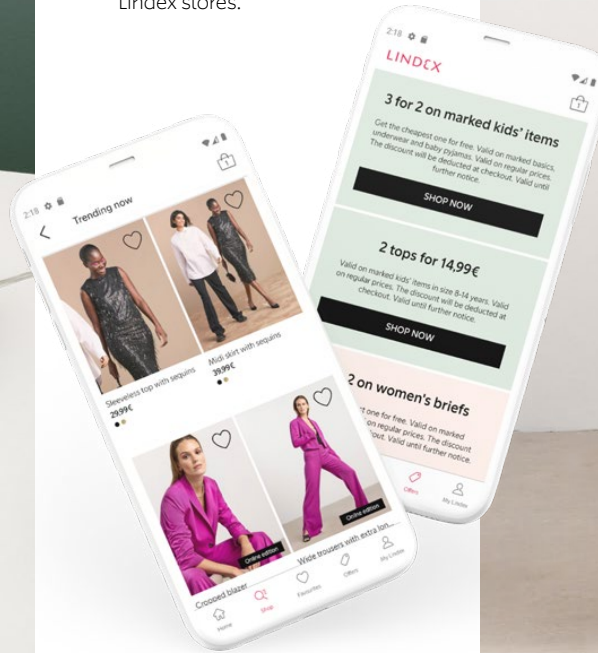
The Stockmann department store business continued implementing its customer-centric strategy and organised its operations in Finland and the Baltics so that they provide even better support to customer service and commercial processes. The goal is to improve customer satisfaction and business profitability with smoother processes and a more effective unified operating model in all three countries of operation.



LINDEX APP AVAILABLE ON ALL OF LINDEX'S OWN MARKETS

During the year, as part of its continued global and digital expansion, Lindex launched its very popular app in all the markets in which it has its own physical stores.

The app and *lindex.com* excellently complement one another and provide customers with an inspiring shopping experience. A simple shopping tool with smart functions that also inspires customers to visit Lindex stores.



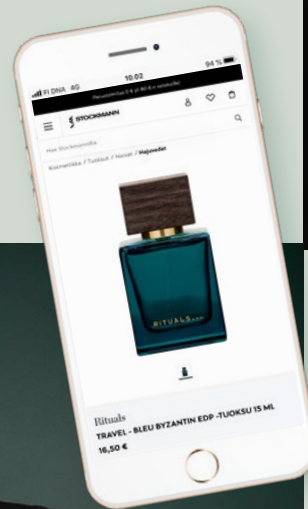
LINDEX LAUNCHES NEW INNOVATIONS AND CROSS-FUNCTIONAL COLLECTIONS

As a result of cross-functional collaborations, the fashion company introduced new innovations and cross-functional collections based on Lindex's strengths, which helped to boost cross-selling. Several much-appreciated Mini-Me collections with matching styles for mothers and kids were launched in addition to sportswear and an expanded selection of maternity clothing and loungewear.



STOCKMANN UPGRADED ITS DEPARTMENT STORES, ONLINE STORE & CUSTOMER LOYALTY PROGRAMME

Stockmann continued to upgrade its department stores by updating departments. The goal is to offer a premium-level customer experience and a more versatile package of services for customers. Stunning new facilities were opened in the Helsinki, Jumbo, Tampere and Riga department stores, for example.



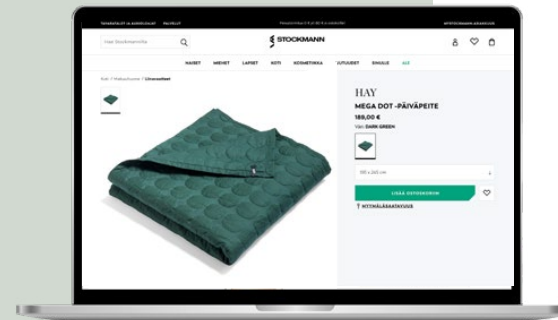
RESPONSIBLE CIRCULAR ECONOMY – RELOVE WAS OPENED IN THE HELSINKI FLAGSHIP

Relove, which combines a second-hand store and a cafe-restaurant, was opened in the Helsinki flagship. Together, Stockmann and Relove want to offer inspiration for sustainable fashion and high-quality products that can be passed from one generation and user to the next. In addition, items purchased at Stockmann can be given a completely new life through Relove.

MyStockmann



Stockmann has focused on its digital service and developed its online store and its selection. In addition, the *MyStockmann* loyalty programme will be further developed by listening to customers.





UNIQUE BRAND COLLABORATIONS FOR GLOBAL MARKETS

In the fashion world there were fascinating and unique brand collaborations during 2021, such as *Adidas x Marimekko* and Makia's first collaboration collection designed for women, *Makia x Moominmamma*.



HOME DECORATION WAS A TREND DURING THE PANDEMIC

A lot of time was spent at home and at summer cottages during the COVID-19 pandemic, which was reflected in interior decoration that emphasised comfort. There was demand for high-quality domestic appliances and furnishings in Finland and the Baltic countries. Home offices were also decorated. Stockmann introduced many new brands to its selection of products for the home.



LINDEX TAKES STEPS TOWARDS CIRCULARITY – LAUNCHES SECOND HAND

Lindex launched second hand during the year as part of its circular transformation and piloting of new business models. This has provided very valuable insights into how Lindex can scale up the business model and develop its design for longevity.



LINDEX ACCELERATED ITS WORK ON WOMEN EMPOWERMENT

For Lindex the focus is always on women and women have a crucial role in the entire value chain of the fashion company. Lindex works in many different ways to empower women and during the year launched, among other things, a toolbox for the “*WE Women by Lindex*” programme. Through the program, Lindex acts for gender equality and to create inclusive workplaces in the fashion company's global supply chain. To scale up and reach even more women, Lindex has invited more actors to take part in the WE Women programme so that the industry can work together to promote the issue of gender equality. During 2021 Lindex also appointed a Global Women Empowerment Manager. This is an important role to accelerate and lead Lindex's work within the area of women empowerment, which is one of the company's focus areas.

2021 WAS THE YEAR OF A STRONG TURNAROUND

We continued the determined implementation of our strategy in 2021. We renewed our department stores and further developed our online store, distribution channels, selection and services in line with our customers' wishes. The coronavirus pandemic caused challenges in international logistics and significantly reduced customer flows during 2021. Restrictions in our countries of operation affected the operations and opening hours of department stores and fashion stores. However, visits to department stores and fashion stores picked up from 2020, and online shopping also continued to grow strongly in 2021.

Lindex continued to develop its store network and international distribution channels and introduced a customer loyalty application to supplement the digital customer experience in its countries of operation. Lindex renewed its collections and expanded its selection and size ranges.

To implement the customer-centric strategy of the Stockmann division, we started an extensive operating model reform, through which our organisation will be centred more closely around our core process – that is, the customer journey. The purpose of the reform is to improve customer service and streamline processes. This work will continue next year. In 2021, Stockmann continued to renew its department stores and online store and further developed its selection by adding 50 new brands.

We systematically implemented the corporate restructuring plan approved on 9 February 2021, and its key measures have been promoted at a rapid rate. Stockmann combined its series of shares and carried out debt and share conversions in May–July. In December 2021, we sold our department store properties in Tallinn and Riga and entered into long-term leaseback agreements with the new owner. The process to sell our department store property in the centre of Helsinki is progressing as planned.

Our strategy has proved to be effective in both divisions, and we will continue its implementation, listening to our customers closely and observing the operating environment. The company's result turned positive in the third quarter, during which Lindex achieved its all-time record performance. The full-year adjusted operating result was EUR 68.3 million. The company has a strong cash position.

We continue to further develop the sustainability of our operations. We have added sustainably produced, environmentally friendly materials to our selection. Circular services and products are also becoming an increasingly important part of our business model. Lindex has, for example, worked internally with its model '10 circular design principles' to design its assortment for circularity and longevity. Lindex also launched several pilot projects within second hand. In its department store in the centre of Helsinki, Stockmann launched the Relove shop, which specialises in second-hand fashion, and expanded its provision of sewing services. In addition, Stockmann has made determined progress in its work to cut emissions, and we are also committed to the SBTi initiative, as a consequence of which we will set science-based climate targets for reducing greenhouse gas emissions in our own operations and the Group's value chain.

I would like to thank our customers, employees and partners for their cooperation and contribution in 2021!

JARI LATVANEN

Stockmann plc, Chief Executive Officer
@LatvanenJari



STOCKMANN GROUP TODAY

The Stockmann Group is an international multichannel retail company, the shares of which are listed on Nasdaq Helsinki. The Stockmann Group has two divisions: Stockmann and Lindex, which focus strongly on an excellent customer experience, a multichannel approach and a sustainable range.

ADJUSTED OPERATING RESULT / EUR mill.

68.3

(-12.3 in 2020, restated)

PERSONNEL AVERAGE

5 649

(5 991 in 2020)

REGISTERED SHAREHOLDERS

45 054

(43 656 in 2020)

STOCKMANN PLC

Established in 1862, **STOCKMANN** is a multichannel retail company offering a wide range of high-quality fashion, cosmetics, home, food and beverage products in eight department stores in Finland, Estonia and Latvia, and in its online store.

Stockmann is known among its customers for its first-class, high-quality department stores. Stockmann seeks growth by developing its business model to further enhance the customer centricity and omnichannel approach of its operations.

STOCKMANN

DIVISIONS
with everyday
inspiration

LINDEX is one of Europe's leading fashion companies. In addition to its online store, the company has 441 brick-and-mortar stores in 19 countries. Lindex offers inspiring and affordable fashion for fashion-conscious women. Its assortment consists of concepts for women's and kids' clothing, lingerie and cosmetics. Lindex seeks international growth in its own channels and on global platforms such as ASOS, Zalando, Next, Nelly and Boozt.

LINDEX



REVENUE / EUR mill.

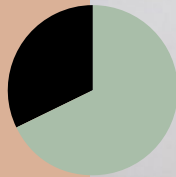
899.0

(790.7 in 2020)



REVENUE / by division

LINDEX	68%
STOCKMANN	32%



REVENUE / by market

FINLAND	33%
SWEDEN & NORWAY	52%
BALTICS & OTHER COUNTRIES	15%



8

DEPARTMENT STORES

441

FASHION STORES

STORES IN

19

COUNTRIES

2 ONLINE
STORES5 INTERNATIONAL
DISTRIBUTION
PARTNERSHIPS

THE GROUP'S STRATEGY IS BASED ON SHARED STRENGTHS AND OPPORTUNITIES

The Stockmann Group's goal is to create shareholder value by developing its divisions and implementing corporate and financial arrangements at the Group level that enable the divisions' growth and success.

Due to the similarity of Lindex's and Stockmann's business operations, we have a deep understanding of the strategic dimensions of the operating environment and are able to develop both divisions while pursuing synergies between them: by understanding our customers, developing meaningful selections and brands, improving our service concepts, adjusting our business models and developing partnerships and joint supply chains.

Both divisions have an ambitious customer-centric strategy that emphasises first-class customer experience and customer loyalty, sustainable growth and the Group's solid financial result.

CUSTOMER CENTRICITY, AN OMNICHANNEL APPROACH AND STRONG BRANDS BUILD FUTURE GROWTH

In accordance with the business strategy updated in 2020, the main focus of Lindex's operations in 2021 was on developing Lindex as a global fashion company, taking advantage of new growth opportunities and improving efficiency. Lindex constantly develops its offering according to customer needs and continues to develop its popular online collections. The company

will continue its strategic investments in digital development, the integration of sales channels and optimisation of the store portfolio, and in innovations and sustainable development. As part of exploring new business models and prolonging the lifetime of clothing, Lindex launched second hand of kids' wear in selected stores.

The Stockmann Division continued the implementation of the restructuring programme approved in the Helsinki District Court in February 2021 (*see page 11 for more information*) and the development of its business operations in accordance with the business strategy announced in 2020. A key aspect of the business model is the omnichannel approach, which means serving customers in different digital channels, regardless of time or place, and physically in the department stores. In addition to the omnichannel approach, the company responds to changes in the operating environment and customer behaviour by focusing on customer relationships and customer confidence, by offering customers inspiration in the areas of fashion and beauty and in home, food and beverage products, by developing its customer-centric culture and focusing on profitable business operations. In 2022, the Stockmann Division re-organised its operations to further improve their support of customer service and commercial processes. The goal is to improve customer satisfaction and business profitability with smoother processes and a more effective unified operating model in all three countries of operation.

In addition, responsible corporate citizenship throughout the value chain is an important objective of both divisions. The divisions' strategies are described on pages 15 and 23, and the Group's financial performance, including the effects of the Covid-19 pandemic, are described in the company's Financial Review for 2021.

STRATEGIC PRIORITIES OF THE STOCKMANN GROUP

DEVELOPING THE OMNICHANNEL OPERATING MODEL

Our goal is to provide the best customer experience and to achieve the highest customer loyalty in our sector by offering comprehensive, seamless and personalised services. Digitalisation and customer data enable customer-centric selections and services.

STRONG OFFERING AND STRONG BRANDS

We use our strong brands, traditions and meaningful product and service range to enhance customer loyalty and provide an excellent customer experience. We know our customers and respond to their need to make responsible, empowering and successful purchases.

SUSTAINABLE BUSINESS MODELS

We are committed to fair and responsible business practices that have a positive effect on our customers and employees and the future of the planet. Digitalisation of processes, new ways of working and customer-centric service cultures are an integral part of our business operations.

PARTNERSHIPS

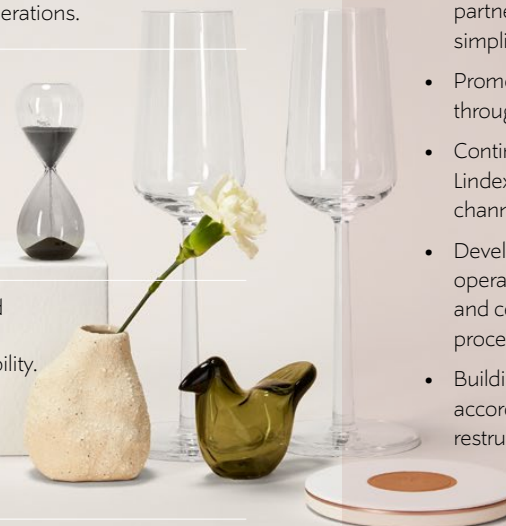
We seek growth and efficiency together with third parties so that we can reach new customers across an even broader field and extend our range of meaningful products and services.

SUSTAINABLE BUSINESS

We seek growth in revenue and better cost-efficiency in order to improve the Group's profitability. We strive for financial stability by repaying our debt on schedule and by using capital efficiently.

IDENTIFIED GROUP-LEVEL OPPORTUNITIES FOR VALUE CREATION

- Sharing understanding and information between divisions on customers' consumption habits, purchasing paths and decision-making processes
- Sharing expertise and information concerning customers' life stages and different product categories
- Sharing expertise in connection with online stores and distribution partnerships
- Applying customer-centric omnichannel marketing practices and service culture in both divisions
- Drawing on synergies in the development of a strong and relevant brand selection
- Improving efficiency through new partnerships and by streamlining and simplifying processes
- Promoting responsible practices throughout the value chain
- Continuing the internationalisation of Lindex and developing the existing sales channels and collections of both divisions
- Developing Stockmann's business operations by harmonising, streamlining and centralising the operations and processes of the operating countries
- Building profitable business in accordance with Stockmann plc's restructuring programme





STOCKMANN'S DIRECTION CHANGED DURING THE YEAR

In a decision on 9 February 2021, the Helsinki District Court approved Stockmann plc's restructuring programme, and the restructuring proceedings were ended. The eight-year long restructuring programme is based on the continuation of Stockmann's department store operations, the sale and leaseback of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group. The supervisor has accepted a timeline with an estimated sale of the properties latest during the first quarter in 2022 in order to reach an optimal outcome for the company and the creditors. Stockmann sold its department store properties in Tallinn and Riga on 29 December 2021 and continues with long-term leaseback agreements made with the new owner. The proceeds from the sales of the properties will, according to the restructuring programme, be used in full to reduce the secured restructuring debts. The sales process of the department store

property in Helsinki city centre is proceeding as planned.

As a part of the restructuring programme, the company's A and B share series were combined as of 12 April 2021 so that each one (1) A share was entitled to receive 1.1 B shares. The combination is intended to improve the liquidity of the share and the company's ability to secure financing from the market.

Efforts have been made to build some flexibility into the restructuring programme by converting some of the unsecured debts into the company's shares or cutting them. Half of the hybrid bond was cut during the first quarter in 2021 and the other half was mostly converted to equity in July 2021 and partly cut. In addition, 20% of the other undisputed restructuring debt was mostly converted into equity in July and partly cut.

An unsecured creditor was entitled to exchange the payment described in the repayment schedule for a secured bond issued by the company with a five-year bullet principal repayment.



READ MORE

about our result
on *page 32*

DIVISIONS' KEY FIGURES

LINDEX

REVENUE / EUR mill.

607.4

(507.1 in 2020)

ADJUSTED OPERATING
RESULT / EUR mill.

80.3

(39.6 in 2020, restated)

SALES / By merchandise area



WOMEN'S FASHION	30%
LINGERIE	28%
KIDS WEAR	38%
COSMETICS	4%

REVENUE / By market area



SWEDEN & NORWAY	77%
FINLAND	11%
BALTICS & OTHER COUNTRIES	12%

GROWTH IN THE
ONLINE SALES was

47.0%

and accounted for 20.6% (15.6)
of the total sales in the period.

STOCKMANN

REVENUE / EUR mill.

291.6

(283.6 in 2020)

ADJUSTED OPERATING
RESULT / EUR mill.

-9.9

(-48.2 in 2020, restated)

SALES / By merchandise area



FASHION	50%
BEAUTY	19%
HOME	19%
FOOD	12%

REVENUE / By market area



FINLAND	78%
BALTICS	22%

GROWTH IN THE
ONLINE STORE was

-2.2%

and accounted for 15.9% (16.8)
of the total sales in the period.

DIVISIONS **LINDEX**

*Empowering &
inspiring women*



LINDEX IS A TRULY GLOBAL FASHION COMPANY

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E-COM MARKETS AND
WORLDWIDE PRESENCE
THROUGH THIRD-PARTY
PARTNERSHIPS

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MARKETS WITH STORES,
OWN AND FRANCHISE

GLOBAL REACH

Lindex has **441 stores in 19 markets**, e-commerce and online shopping worldwide through third-party partnerships. The fashion company grows digitally, both through own channels and together with global fashion platforms. Lindex wants to offer an easy and inspiring shopping experience, a seamless brand experience and a consistent customer journey no matter where their customers meet them. How to link the physical stores with the e-commerce and how they best complement each other is a key to Lindex competitiveness.



DISTRIBUTION PARTNERSHIPS

asos

Boozt

NELLY.COM

next

zalando

LINDEX

OUR
STRATEGY

OUR VALUES

Empower yourself
and each other.

Seek constant
improvement.

Make business
oriented decisions.

Act sustainable.

Make it simple.

OUR PROMISES

Employee promise:
Together for a
greater impact.

Sustainability
promise: To make a
difference for future
generations.

Customer promise:
Fashion that feels
good in all aspects.

OUR PURPOSE

To empower
and inspire
women
everywhere.

OUR VISION

We are a global,
brand-led,
sustainable
fashion company.

We are digital first.

We are powered
by people.

We are Lindex.

OUR MUST WIN AREAS

Develop globally
strong brand offerings.

Transformation to
a sustainable
business model.

Transformation to
a global, digital first
multi-channel
business.

OUR OFFER

Women's wear

/

Kids' wear

/

Lingerie

/

Cosmetics



Lindex offers confident Scandinavian design that inspires customers to feel at their best and embraces women of all shapes and sizes. The fashion company's easy-to-wear clothing is characterised by inclusiveness, perfect fit and comfort. Lindex wants to offer its customers clothes that they really love to wear, want to take good care of and will use frequently and for a long time.

WOMEN'S FASHION

INCLUSIVE AND CONFIDENT SCANDINAVIAN DESIGN TO LOVE FOR A LONG TIME

Lindex offers inspiring, confident Scandinavian design for women where inclusiveness, perfect fit and comfort are key. Over the year Lindex has strengthened its offering of more sustainable fashion with distinct and more inspiring collections and has developed its online selection.

WOMEN'S FASHION,
share of Lindex division's sales

30%



The beginning of 2021 was considerably affected by the pandemic but from May Lindex experienced an excellent recovery. Based on a change in customer behaviour and increased demand for attractive and comfy clothing, Lindex adapted its assortment mix to meet customer's needs.

Lindex launched the highly popular Premium Punto concept for trousers. Attractive, flattering, super stretchy trousers that don't compromise on comfort, fit or style.

During the year, Lindex further strengthened its fashion selection by offering increasingly distinct and more inspiring collections. Through co-creation and cross-functional design and purchasing teams, the fashion company introduced new innovations and cross-functional collections based on Lindex's strengths. Several much-appreciated Mini-Me collections with matching styles for mothers and kids were launched in addition to sportswear and an expanded selection of maternity clothing and loungewear.

Founded on data and insights and based on a responsive way of working, the fashion company focused on optimising and developing its online offering for continued global growth. An extended online selection with more "online editions" and extensive cross-functional efforts with the aim of bringing inspiration to customers online produced excellent results during the year. A more uniform and stronger style of images also proved to be successful. Over the year, Lindex continued to arrange inspiring live shopping events with external influencers and Lindex's own employees. Customers really enjoyed these events and they also helped to increase sales.

During the year, Lindex also continued its intensive work on the "fabric first" approach, which involves consolidation of material purchases. The approach produced very positive impacts also from the perspectives of flexibility, sustainability and profitability and resulted in a pleasingly strengthened starting margin for Lindex.



✓ Lindex has continued its dedicated sustainability work to achieve its goals and fulfill its sustainability promise for future generations. Over the year the fashion company **increased the total amount of sustainable materials to 77 per cent**. A further important step in the development of a more sustainable assortment is to design for longevity already at the product decision. Here, the fashion company is working towards its goal where the entire Lindex assortment will be designed for longevity and circularity by 2025. ✓

A photograph of a woman with dark, curly hair, wearing a white lace-trimmed bodysuit, holding a baby in a mustard-colored onesie. They are both smiling and looking at each other. The woman is positioned on the left side of the frame, and the baby is on the right. The background is a solid, light green color.

LINGERIE

Lindex's heritage and long experience in underwear has given a unique competence in women's bodies, fit, comfort and quality. Lindex's underwear assortment is built to help customers find their favourites and perfect fit.

INCLUSIVE AND INNOVATIVE ASSORTMENT FOCUSING ON FIT, COMFORT AND QUALITY

Lindex's wide assortment of underwear with timeless favorites and inspiring new garments are infused with fashion, function and innovation. In 2021, Lindex continued to develop its inclusive assortment with new products and extended the size range in several categories.

LINGERIE,
share of Lindex division's sales

28%

COSMETICS,
share of Lindex
division's sales

4%



2021 was a year that continued to be affected by the pandemic. The restrictions were relaxed during the spring and from June onwards Lindex's sales grew strongly and surpassed the level in 2019. Excellent fit and comfort are part of Lindex's DNA, and as an expert in women's bodies, the fashion company is focused on being there for women throughout life. Lindex's designs are based on the fashion company's smart fit concept, fantastic materials and colour palettes that live over time. The fashion company enables women to find favourites that they will buy and use again and again.

In 2021, the size range was extended in several categories to reach even more customers. Lindex's highly popular innovative 'Soft programme', which was launched in 2020, was supplemented with new products during the year. The programme is unique because the bra provides invisible support with silicone reinforcement and both bras and briefs are produced with a new technology where regular elastics are replaced with velvety soft edges. The Soft selection has been a real hit with customers and is something that Lindex is especially proud of.

The new activewear category was launched during the year with supersoft, seamless sportswear made from recycled material that is designed to breathe and to move naturally with the body. Another category that was also expanded was maternity clothes where bras and briefs were supplemented with nightwear, sportswear, tights and swimwear. In December, Lindex announced an exciting design collaboration with the artist Emilia Ilke, a unique collection of soft matching nightwear for women, kids and babies.

Lindex cosmetics

Lindex has had a limited assortment online and during the autumn the offer was expanded with external cosmetics in Sweden, which has been appreciated by customers. During the year, a new line of makeup tools and new external brands were added to the selection.



✓ Lindex focuses intensively on sustainability and during the year increased the amount of sustainable material to 55 per cent. The work on increasing the share will continue during 2022 and the goal is to reach 100 per cent in 2025. Lindex's product categories that have already been converted to consist of **100 per cent sustainable material are briefs, nightwear, loungewear and activewear.** Lindex also launched a collaboration with MonthlyCup. Each time a menstrual cup is sold, the fashion company donates a menstrual cup to a female textile worker in its production countries. ✓

KIDS' WEAR

Lindex's philosophy, "Let kids be kids", is evident in the design of the fashion company's kids' wear. The design sees the world through playful, curious and creative eyes. Lindex's wide assortment of kids' wear combines fashion, function, comfortable fit and quality, and offers garments for all needs both indoors and outdoors.

SOFT AND COMFY WITH A PLAYFUL DESIGN

Lindex's philosophy, "Let kids be kids", forms the foundation for all garments and collections. The fashion company's wide and popular assortment of kids' wear, which is made with more sustainable material, grew strong during the year.

KIDS' WEAR,
share of Lindex division's sales

38%



Lindex's appreciated wide assortment of clothing for babies to schoolchildren combines fashion, function, quality and comfortable fit for daily life and special occasions. Soft and comfy have always been Lindex's core values and during the year the fashion company increased its focus on soft and attractive clothing in all age groups, which resulted in excellent development in sales. Digital sales grew strongly during the year, especially in the baby and toddler range.

There was considerable interest in Lindex's innovative graphic designs and another success was the extended, wide assortment of single-tone basic clothing items and denim that complemented the season's collection.

A venture that proved very popular during the year was Lindex's gender neutral assortment for toddlers. Lindex's clean and updated expressions on the garments for school kids with several unisex collections also had a positive reception from customers. Another category that was very successful was functional outerwear and other garments with materials and functions best suited to an outdoor environment. Lindex continued its collaboration with the popular Moomin character, created by Tove Jansson, which is loved by Lindex's customers all over the world.

As part of Lindex's circular transformation and its piloting of new business models, the fashion company launched a pilot project in the autumn of 2020 with second-hand sales of outerwear for babies in a few selected Lindex stores. The pilot was expanded over the year and Lindex launched a take-back programme that includes all kids' wear, where all the collected garments are sold in selected Lindex stores. The pilot has offered many valuable insights on how the fashion company can scale up the business model and also how Lindex can develop its design for longevity, and what the customer values in a long-lasting garment.



/ Lindex's appreciated assortment of baby clothes is made of more sustainable material, such as organic cotton or recycled materials, and **89 per cent of the entire baby assortment is made with more sustainable fibers**. Baby products made from organic cotton are always GOTS-certified. The clothing is of high quality and the assortment has been carefully designed and developed for longevity. The clothes have practical functions, such as an extra row of push buttons at the crotch and folding sleeve cuffs on bodysuits that allow garments to be adjusted as the baby grows. /



DIVISIONS **STOCKMANN**

A feeling that lasts



OUR STRATEGY

OUR PEOPLE AND VALUES

Focus on customer
Act with courage
We work together

OUR VISION

*The market-
place for
a good life*

OUR PURPOSE

We make a
new impression
every day

OUR CUSTOMER PROMISE

*A feeling
that lasts*

OUR MUST WIN AREAS

Class leading
customer relationship
and loyalty
Number 1 inspiration
Groundbreaking
omnichannel
customer experience

OUR OFFER

Fashion
THE CURATOR

Beauty
THE GUIDE

Home
THE INSPIRER

Food & beverage
THE FOODIE

OUR PARTNERS / Complementary offering

Stockmann creates
inspiration and experiences
and curates options ideally
suited for each customer and
helps them discover their own
personal sustainable style.

FASHION

A woman with dark hair and red lipstick is posing against a teal background. She is wearing a long-sleeved, high-collared green dress with a full skirt. She is holding a maroon bag with a gold chain strap. The word "FASHION" is written in large white letters across the center of the image.

NEW FASHION BRANDS FOR SUSTAINABLE CHOICES

Stockmann continued to upgrade the selection of women's, men's, children's and sports fashion, listening to customer wishes and following global trends. The selection was expanded with many new fashion brands in department stores in Finland and the Baltic countries and in the online store.

FASHION,
share of Stockmann
division's sales

50%



During 2021 there were fascinating and unique brand collaborations, such as Adidas x Marimekko and Makia's first collaboration collection designed for women, Makia x Moominmamma. Responsibility work was increased in the areas of fashion brands and service development; new brands promoting the circular economy that were added to the selection included Lili Marleena dresses made from surplus luxury fabric, HallaXHalla swimwear made from plastic waste from the sea, and Sägen and Upcycle with Jing jewellery made from recycled materials.

Dozens of new fashion brands were introduced to women's fashion. Among the international brands were Gestuz and Aspesi, and Gianfranco Ferre and Dualist were added to the coat selection; among the Finnish brands were Billebeino, Kuusama, Anna Lehmusniemi's handbag brand NO/AN with its international reputation, and Gauhar Helsinki; Missoni's scarves and socks, and Le Bonnet's woolly hats and scarves, and CCDK Copenhagen and Movesgood nightwear. Customers also enjoyed changing pop-ups, from brands such as Busnel, Colorful Standard, Versace Jeans Couture and Knowledge Cotton Apparel.

Development of the women's denim selection continued with the premium labels 7 for all mankind and Frame, and, to increase variety, plus sizes from Wrangler and Lee were added and Selected Curve was introduced as a new brand in the online store.

The men's selection was extended with several international leading brands: Gianfranco Ferre, Dualist, street fashion brand Heron Preston, footwear brands Camper, Ugg and The Original Copenhagen 1936, and pop-ups Versace Jeans Couture, Rains and Colorful Standard.

The premium selection was brought closer to consumers by expanding brands to several department stores. The men's department at the Helsinki department store was upgraded to provide more space for the men's premium selection and to improve the customer experience in formal clothing.

Wonderful international brands, such as Dickies, Just Hype and footwear brand Affenzahn, were introduced to the selection of clothing for children and young people while Karl Lagerfeld was introduced in the Baltic countries.

The sportswear selection was given great new facilities on the sixth floor in Helsinki. The selection was expanded with, among others, Saucony's footwear and the top designer John Richmond's sportswear collection.



Stockmann started something new in the area of the circular economy by opening **Relove**, a Finnish second-hand store and café concept, at the Helsinki department store. Sustainability, circular economy and supporting local brands were increasingly important factors for customers, and they became more widely represented within the selection of Finnish and international top brands. Fashion services and sustainability were an important part of the development of our customer service: Stockmann updated its sewing services, for example. In addition to items of clothing purchased from Stockmann, customers can also bring items of clothing purchased elsewhere to the sewing service to be repaired. //

The *"Health is the new wealth"* ideology is trending in cosmetics and beauty. Stockmann continuously expands its selection of international and Finnish brands – and seeks to create an exclusive beauty experience.

BEAUTY



PREMIUM BRANDS AND NATURAL COSMETICS, AND COMPLETION OF DEPARTMENT STORE UPGRADES

In 2021 Stockmann introduced new luxurious products to its department stores in Finland and the Baltics and the online store's cosmetics range, it broadened its selection of natural cosmetics and continued its remodelling of cosmetics departments. Skin care, fragrances, looking after yourself and sustainable choices increased in importance during the COVID-19 pandemic.

BEAUTY,
share of Stockmann
division's sales

19%



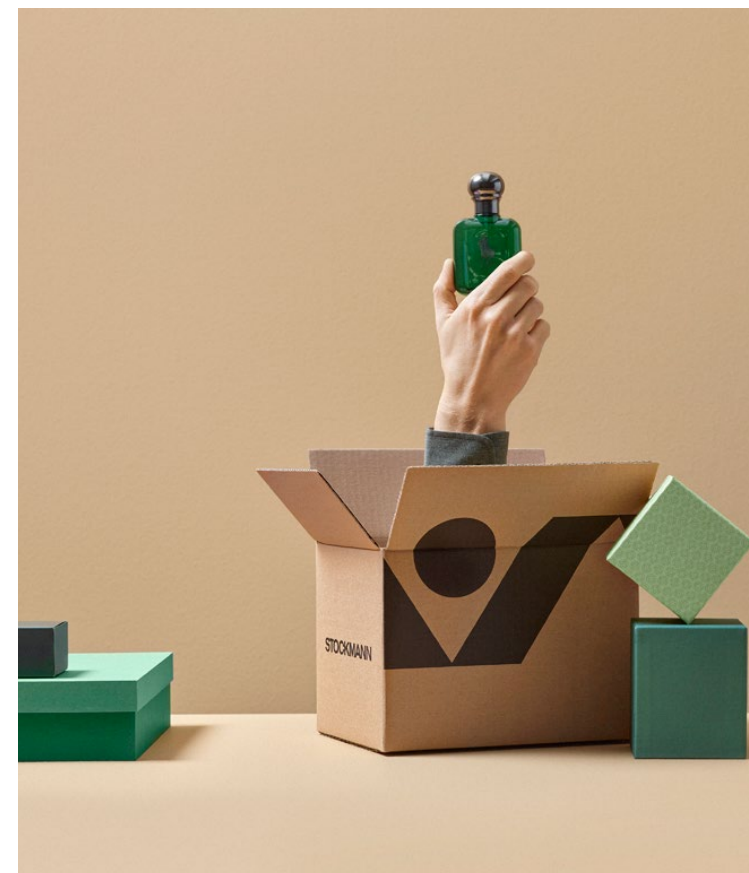
Stockmann wants to offer its customers carefully curated products and beauty brands. By expanding its department store and online store selections and remodelling department stores' cosmetics departments, Stockmann has sought to create a best-in-class customer experience in the world of beauty and wellness. By focusing more strongly on its online store selections and broadening its offering in cosmetics products, brands and services, Stockmann is laying the foundations for future business growth.

The impact of the pandemic was very evident throughout 2021. Sales of skin care products continued to increase, while sales of make-up decreased. The beauty and wellness services in the department stores were still partially closed during the period when the coronavirus restrictions were most severe, and cosmetics consultation services were provided virtually. International tourists were also still missing from the normal customer base due to travel restrictions. The COVID-19 pandemic affected the travel industry and the money consumers had reserved for international travel transferred partly to Stockmann as income. On the whole, services and purchasing during the pandemic focused on the online store.

New brands and products, particularly skin care products, were introduced to Stockmann's extensive range of cosmetics during the year. Today's consumers increasingly seek sustainable and environmentally friendly alternatives, and this is evident in purchasing behaviour. Stockmann has responded to this by adding responsible alternatives and natural cosmetics to its selection.

Stockmann introduced new brands to its customers, such as Parfums de Marly, Dr. Barbara Sturm, Pure Beauty, Moi Forest, Muru Muru, Havu Cosmetics, Luonkos and Ida Warg. In addition, Stockmann launched its own Advent calendar for the first time. It contained Stockmann's unique cosmetics and was a success.

Due to coronavirus restrictions, the majority of events took place virtually. The highlight of the autumn was the Beauty secrets event for invited guests.



Stockmann upgraded its department store premises in Helsinki and Tampere. The entire beauty department at the Helsinki flagship store was moved to the street level, providing customers with better service and more clarity than before. The cosmetics department in Tampere was also remodelled. The changes to the cosmetics department at the Stockmann in the Jumbo shopping centre were fully completed. //

HOME

Stockmann serves its customers with its inspiring home furnishing selections, offering durable and premium options for the Nordic lifestyle.



COVID-19 PANDEMIC WAS REFLECTED IN INTERIOR DECORATION THAT EMPHASISES COMFORT

Comfortable and pleasant surroundings at home and interior decoration are now more important than ever, which was evident during 2021 in the clearly growing category of home products in Finland and the Baltic countries. Stockmann offered its customers sustainable alternatives and inspiration for the Nordic lifestyle – high-quality settings for an effortless and attractive daily life. Customers' interest in responsible consumption was reflected in interior decoration and home products.

HOME,
share of Stockmann
division's sales

19%



Over recent years, homes have become places where people spend more time and home offices are now more common. High-quality and enduring design products for the home, such as Artek, Carl Hansen & Son, Marimekko and Iittala, increased in popularity.

Stockmann also introduced 'Lifestyle Shops' for its own brands Casa Stockmann and Villa Stockmann in 2021.

Attention was focused on product materials, such as natural materials and recycling. The customer base that favours local production also grew. The demand for kitchenware demonstrated, for example, the popularity of a plant-based diet and growth of non-alcoholic beverage products. Consumers are increasingly interested in the 'Sober Curious' phenomenon, health and fitness.

The COVID-19 pandemic has been reflected in the renovation and interior decoration of homes and summer cottages, as consumers have spent a lot of time in these places. Due to the restrictions on bars and restaurants, people equipped their kitchens, spent money on various high-quality domestic appliances, and did a lot of cooking and baking. Baking bread became a huge trend and pizza making and pizza ovens were a phenomenon of the COVID-19 pandemic. People spent money on high-quality wine glasses and bar supplies. Consumers also wanted high-quality coffee, which boosted sales of coffee machines.

The home department of the Helsinki department store was remodelled to provide customers a more versatile selection of home decoration products. Towards the end of the year, the department stores' Christmas shops were also remodelled to offer a more wide-ranging and comprehensive selection of Christmas products. The highly popular virtual Live Shopping events provided ideas for Christmas decorations and gifts.



✓ The home department of the Helsinki department store was extensively renovated. To the delight of our customers we also introduced "Lifestyle Shops" for our Casa Stockmann and Villa Stockmann brands. We introduced new Finnish and responsible brands to our selections. The **"Do It yourself" vintage** craze emerged as a growing trend, which meant an increase in the popularity of all kinds of handicrafts during the pandemic. ✓

FOOD & BEVERAGE

A still life composition featuring a glass of white wine, a small tart, raspberries, blueberries, and chocolate on a dark wooden surface. The glass is filled with a light-colored wine and stands on the right side. In the center, there is a small, round tart with a golden crust and a white filling, topped with a dusting of white powder. Surrounding the tart are several fresh raspberries and blueberries. Pieces of dark chocolate are scattered around the fruit. The entire scene is set on a dark, textured wooden surface.

Delicious and high-quality restaurant services are an important part of the customer experience at Stockmann department stores. Department stores offer a place for enjoyment and spending time in the heart of the city.

ENJOY TIMELESS SURPRISES AND THE LATEST TRENDS AT STOCKMANN'S RESTAURANTS AND CAFÉS

In 2021 Stockmann introduced new cafés and restaurant concepts to its department stores and upgraded the Stockmann Delicatessen food department in the Riga department store in Latvia. Stockmann's goal is to provide its customers with the best grocery store in town and offer inspiring and high-quality café and restaurant services at its department stores.

FOOD,
share of Stockmann
division's sales

12%



Restaurants and cafés at the department stores are part of the exclusive customer experience that Stockmann is focusing on. The goal is to offer an inviting living room where people can spend time and sample experiences in addition to enjoying the department store's shopping opportunities. To achieve this goal, the selection of restaurants was renewed in many ways with the latest trends and concepts, but also with a more classical style.

During the COVID-19 pandemic, preparing food became more popular and gained new value in kitchens at homes and purchases of kitchen equipment in Finland and the Baltic countries. With its partners, Stockmann ensures that it is able to offer a high-quality selection. In the Baltic countries, the wide range of premium products in particular has been praised and appreciated by customers of Stockmann department stores.

A Finnish second-hand store and café-restaurant called Relove, which focuses on responsibility and recycling, was opened in the Helsinki flagship store in 2021. The café-restaurant's selection created especially for Stockmann is Relove's largest. Michael Björklund's and Thomas Strandvik's BBQ Royale restaurant and Café Royale were opened at street level in the Helsinki department store. The restaurant has tailored a selection for its customers that focuses on high-quality raw materials, freshly-baked bread and its own sauces.

Café Royale is inspired by 1930s Paris and focuses on lighter dishes, 'superfoods' and a comprehensive selection of pastries. The only Joe&Juice in Finland moved to a new location on the first floor of the Helsinki department store.



Food operations in Finland are provided together with partners, which means that HOK-Elanto is responsible for the Delicatessens in the Helsinki and Itis department stores. The K-Supermarket Hämeenkatu, which was opened in conjunction with the Stockmann department store in Tampere in 2021, and in Turku, the new K-Supermarket Centrum and S-market have offered various benefits to local loyal customers in Turku. //

FINANCIAL PERFORMANCE IN 2021

2021 was the year of a strong turnaround. The full-year adjusted operating result improved by 80.5 million as a consequence of agile adaptation to the COVID-19 situation, enhanced sales and strong marketing activities. The Stockmann Group's revenue in 2021 was EUR 899.0 million (790.7), up 11.2% in comparable currency rates. Adjusted operating result was EUR 68.3 million (-12.3). Adjusted earnings per share were EUR 0.30 (-0.46). The cash flow was strong, and the cash amounted to EUR 213.7 million (152.3). The Board of Directors propose that no dividend will be paid for the financial year 2021.

CORPORATE RESTRUCTURING PROGRAMME

Stockmann plc started to execute the restructuring programme, which was approved by the Helsinki District Court in February 2021.

The restructuring programme is based on the continuation of Stockmann's department store operations, the sale and leaseback of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group. Stockmann sold its department store properties in Tallinn and Riga December 2021 and continues with long-term leaseback agreements made with the new owner. The proceeds from the sales of the properties were used, according to the restructuring programme, in full to reduce the secured restructuring debts. The sale and leaseback process of the department store property in Helsinki city centre is proceeding as planned.

As a part of the restructuring programme, the company's A and B share series were combined so that each one (1) A share was entitled to receive 1.1 B shares. The combination aimed to improve the liquidity of the share and the company's ability to secure financing from the market. Stockmann also issued new shares to holders of restructuring debt and hybrid bond. A new secured five year bond was issued to the holders of the restructuring debt, and a seven year repayment schedule was established for the remaining restructuring debt. Secured restructuring debt will be repaid by end of 2022.

KEY FIGURES

	2021	2020
REVENUE, EUR mill.	899.0	790.7
GROSS MARGIN, %	58.6	56.1
OPERATING RESULT (EBIT), EUR mill.	82.1	-269.6
ADJUSTED OPERATING RESULT (EBIT), EUR mill.	68.3	-12.3
RESULT FOR THE PERIOD, EUR mill.	47.9	-291.8
EARNINGS PER SHARE, undiluted and diluted, EUR	0.42	-3.89
PERSONNEL, average	5 649	5 991
CASH FLOW FROM OPERATING ACTIVITIES, EUR mill.	150.4	146.6
CASH, EUR mill.	213.7	152.3
CAPITAL EXPENDITURE, EUR mill.	16.9	18.5
EQUITY PER SHARE, EUR	1.74	2.86
NET GEARING, %*	212.8	340.7
EQUITY RATIO, %	18.9	14.5

* Includes IFRS 16 lease liabilities



READ MORE
in the Financial Review at
year2021.stockmanngroup.com



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ANNUAL GENERAL MEETING

The Annual General Meeting 2022 of the shareholders of Stockmann plc will be held on 23 March 2022. Read more on matters related to the AGM at stockmanngroup.com.



READ MORE

in the Governance Review at
year2021.stockmanngroup.com

IR CALENDAR IN 2022

23 March 2022

Annual General Meeting

29 April 2022

January-March Interim Management Statement

22 July 2022

January-June Half year Financial Report

28 October 2022

January-September Interim Management Statement



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